The Quaker Oats Company of Canada Limited

Annual Report 1974

AR35



QUAKER

Some of the famous Quaker brands that assure quality to Canadian consumers and their pets.



FROM: The Quaker Oats Company
of ~~Canada Limited~~,
Peterborough, Ontario.

AR35

May 6, 1969

Contact: Mark D.S. Kellow

File

FOR IMMEDIATE RELEASE

April 1.

NEW PRESIDENT NAMED
BY QUAKER OATS CANADA

PETERBOROUGH, Ontario. - The Board of Directors of The Quaker Oats Company of Canada Limited today elected H.Edward Miskiman as President of the company. He succeeds Donald W. Kelly, who has resigned.

A native of Broadview, Saskatchewan, Mr.Miskiman has been with The Quaker Oats Company of Canada for over 22 years. He joined the company in 1946, and for the following 17 years served in various sales management positions. He was named Product Manager at the company's headquarters in Peterborough in 1964, Assistant to the Vice President - Marketing in 1966, and General Sales Manager the following year. Mr.Miskiman assumes his new responsibilities in Peterborough immediately.

Mr.Miskiman confirmed the advertising agency change reported last week, in which the relationship with Spitzer, Mills and Bates was terminated, effective July 31. He also said that to obtain greater co-ordination between Canadian and U.S. marketing efforts, the product management function -- a maximum of eight people out of the total management, administrative and sales staff of 365 located in Canada -- is being moved to Quaker's corporate headquarters in Chicago.

more ...

The Canadian product management function, although located in Peterborough, has been integrated with corporate headquarters for some time, Mr.Miskiman said. Noting that close international marketing co-ordination is a common practice for many companies, he said, "Quaker's new closer relationship will provide us in Canada with a greater flow of new products and a superior promotional effort simply because of the resources that can be applied under this organizational setup. Advertising expenditures will almost certainly be increased, This, in turn, will accelerate our growth, improve our profitability, and permit us to provide increasingly better products and services for our trade customers and Canadian consumers."

Quaker's advertising is being assigned to the agencies which handle similar products in the United States: J.Walter Thompson for Aunt Jemima products and pet foods, Doyle Dane Bernbach for hot cereals and adult ready-to-eat cereals, and Compton Advertising for children's cereals.

- 30 -

57808

RECEIVED
OCT 15 1973
BELL & HOWELL
MICRO-DATA DIVISION

ARTHUR ANDERSEN & Co.
CHARTERED ACCOUNTANTS

P.O. Box 29
TORONTO-DOMINION CENTRE
TORONTO, M5K 1B9

File

MICROFILMED
17-10-73
CODE XY

AR35

To the Shareholders of

The Quaker Oats Company of Canada Limited:

We have examined the consolidated balance sheets of THE QUAKER OATS COMPANY OF CANADA LIMITED (a Canada corporation) AND SUBSIDIARIES as at June 30, 1973 and 1972, and the consolidated statements of income and reinvested earnings and source and use of working capital for the years then ended. Our examinations included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of The Quaker Oats Company of Canada Limited and Subsidiaries as at June 30, 1973 and 1972, and the results of their operations and the source and use of their working capital for the years then ended in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

August 3, 1973.

THE QUAKER OATS CO

AND SUB

CONSOLIDATED BALANCE SHE

ASSETS

	1973	1972
	Thousands of Dollars	
CURRENT ASSETS:		
Cash and deposit receipts	$ 312	$ -
Accounts receivable-		
Trade	2,740	2,977
Affiliated companies	352	500
	3,092	3,477
Inventories	5,195	5,928
Prepaid expenses	278	272
Total current assets	8,877	9,677
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	105	177
Buildings	4,810	5,345
Machinery and equipment	11,775	12,003
	16,690	17,525
Less- Accumulated depreciation	6,613	8,305
	10,077	9,220
TRADEMARKS AND FORMULAE, at cost	1,154	1,154
	$20,108	$20,051

MICROFILMED
17-10-73
CODE AT

The accompanying notes are an integral

IY OF CANADA LIMITED

DIARIES

S--JUNE 30, 1973 AND 1972

LIABILITIES AND SHAREHOLDERS' EQUITY

	1973	1972
	Thousands	of Dollars
CURRENT LIABILITIES:		
Bank indebtedness	$ -	$ 1,643
Accounts payable and accrued expenses	3,667	4,067
Due to affiliated companies	547	497
Income taxes payable	82	326
Total current liabilities	4,296	6,533
DEFERRED INCOME TAXES	1,281	718
SHAREHOLDERS' EQUITY:		
Capital stock-		
Authorized-		
25,000 common shares no par value		
Issued and outstanding-		
25,000 shares	2,337	2,337
Reinvested earnings	12,194	10,463
	14,531	12,800
	$20,108	$20,051

Approved on behalf of the Board:

Frank J. Morgan Director

H. A. Williams Director

't of these consolidated balance sheets.

I hereby certify that this Statement was duly deposited in the Department of Consumer and Corporate Affairs on Oct. 4 1973

For the Minister

Je certifie que le présent état a été déposé au Ministère de la Consommation et des Corporations le

Pour le Ministre

THE QUAKER OATS COMPANY OF CANADA LIMITED

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND REINVESTED EARNINGS

FOR THE YEARS ENDED JUNE 30, 1973 AND 1972

	1973	1972
	Thousands of Dollars	
NET SALES	$47,866	$47,049
COSTS AND EXPENSES:		
Cost of sales	35,838	35,757
Marketing, general and administrative	9,125	9,198
	44,963	44,955
Income before income taxes and extraordinary items	2,903	2,094
PROVISION FOR INCOME TAXES	1,230	991
Income before extraordinary items	1,673	1,103
EXTRAORDINARY CREDIT (CHARGE), net	134	(113)
Net income for the year	1,807	990
REINVESTED EARNINGS AT BEGINNING OF YEAR	10,463	9,473
	12,270	10,463
Dividends paid	76	-
REINVESTED EARNINGS AT END OF YEAR	$12,194	$10,463

The accompanying notes are an integral part of these consolidated financial statements.

THE QUAKER OATS COMPANY OF CANADA LIMITED

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SOURCE AND USE OF WORKING CAPITAL

FOR THE YEARS ENDED JUNE 30, 1973 AND 1972

	1973	1972
	Thousands of Dollars	
SOURCE OF FUNDS:		
Operations-		
Income before extraordinary items	$1,673	$1,103
Depreciation	804	841
Deferred income taxes	563	173
From operations	3,040	2,117
Extraordinary credit (charge), net	134	(113)
Disposal of property, plant and equipment, net	581	151
Total provided	3,755	2,155
USE OF FUNDS:		
Dividends paid	76	-
Additions to property, plant and equipment	2,242	884
Reduction in long-term debt	-	25
Total used	2,318	909
INCREASE IN WORKING CAPITAL	1,437	1,246
WORKING CAPITAL AT BEGINNING OF YEAR	3,144	1,898
WORKING CAPITAL AT END OF YEAR	$4,581	$3,144

The accompanying notes are an integral part of these consolidated financial statements.

THE QUAKER OATS COMPANY OF CANADA LIMITED

AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 1973 AND 1972

SUMMARY OF ACCOUNTING POLICIES

a) Principles of Consolidation

The consolidated financial statements include the assets and liabilities and income and expenses of The Quaker Oats Company of Canada Limited ("Company") and all its subsidiaries.

b) Inventories

Inventories are based upon physical quantities, priced at the lower of average cost or net realizable value.

c) Depreciation and Properties

Depreciation is provided in the accounts on the straight-line method over estimated useful lives of the properties.

Accumulated depreciation reflects normal gains or losses on sales or abandonments. Abnormal gains or losses are reflected in income.

d) Deferred Income Taxes

For income tax purposes, depreciation is provided on the basis of accelerated rates as provided by applicable laws and regulations. At the present time, depreciation for tax purposes exceeds straight-line depreciation and a deferred tax liability is provided for the related taxes.

ROYALTIES

During 1973, the taxation authorities disallowed a portion of the intercompany royalties for 1969. The parent company refunded these royalties in 1973 and the effect was to increase income, net of tax, by $40,000.

No reassessments have been received for the fiscal years since 1969 but if such years were assessed on the 1969 basis, refunds from the parent company, net of applicable taxes, would approximate $105,000.

RETIREMENT BENEFITS

(a) Pension Plans

The companies maintain pension plans for substantially all of their employees.

The Company's policy is to fund annually current service costs and to amortize past service costs over the period to 1989. Pension costs were $252,000 in 1973 and $234,000 in 1972. The Company also made supplementary payments of $46,000 in 1973 and $44,000 in 1972 to former employees who retired before the Canada Pension Plan became fully effective.

The unfunded past service liability for the Company's pension plans is approximately $160,000, of which $90,000 has been accrued as of June 30, 1973.

(b) Employees' Retirement Life Insurance

The companies provide all retiring employees with fully-paid life insurance benefits. As of June 30, 1973, $234,000 has been accrued but not funded to reflect these benefits.

EXTRAORDINARY CREDIT (CHARGE), NET

Reduction of income taxes in the application of a subsidiary's prior years' tax losses resulted in extraordinary credits of $134,000 in 1973 and $137,000 in 1972.

Plant closing costs, net of applicable tax, resulted in an extraordinary charge of $250,000 in 1972.

INFORMATION ON DIRECTORS AND OFFICERS

	June 30, 1973		June 30, 1972	
	Number	Remuneration	Number	Remuneration
Directors	9	$ 15,000	6	$ -
Officers	7	$132,000	6	$93,000

As of June 30, 1973, three (1972 - two) officers were also directors.

RECLASSIFICATIONS

Certain of the 1972 figures shown in the accompanying consolidated balance sheets and consolidated statements of income and reinvested earnings have been reclassified for comparative purposes to conform to the 1973 classifications.

17-10-73

NEWS RELEASE October 18, 1973

From: H. Edward Miskiman
Vice Chairman of the Board
The Quaker Oats Company of Canada Ltd.
Quaker Park
Peterborough, Ontario

AR 35

Quaker Reports Improved Earnings

	Profit $000		Sales $000	
	Latest	Year Ago	Latest	Year Ago
Year June 30	1,807	990	47,866	47,049

Net Income was $1,807,000, compared with $990,000 a year ago. Net sales amounted to $47,866,000 an improvement of 1.7 percent over the 1972 level.

The improved profitability continued from the previous year and reflects a consolidation of plant facilities and effective cost controls in all areas. A third and very important factor was the discontinuance of certain products not showing satisfactory profit.

Excluding products withdrawn from the market, sales in fiscal 1973 increased by 9.7 percent over fiscal 1972.

New product introductions supported by major marketing investments contributed significantly to fiscal 1973 sales increases. Principal among these were Quaker Harvest Crunch, Aunt Jemima Blueberry Waffles, and Puss 'n Boots Flavour Morsels.

The major plant improvement program that began in fiscal 1972 continued this year. A distribution centre was completed adjacent to the Burnaby, British Columbia pet food plant; extensive rehabilitation continued at Peterborough; and a $1.5 million plant expansion commenced at the Trenton pet food plant. Capital expenditures totalled $2.2 million, an increase of $1.4 million over the prior year.

The Quaker Oats Company of Canada Limited
and Subsidiaries

Directors:

Robert D. Stuart, Jr.
President, The Quaker Oats Company, Chicago
Chairman of the Board, The Quaker Oats Company of Canada Limited

Lt. Col. Charles Baker
President, Airport Advertising (VIP) Ltd., Toronto

Robert F. Chisholm
Chairman, William Mara Company Limited, Toronto

Robert M. Fowler
President, C.D. Howe Research Institute, Montreal

Augustin S. Hart, Jr.
Group Vice President – International
The Quaker Oats Company, Chicago

Kenneth Mason
Group Vice President – Grocery Products
The Quaker Oats Company, Chicago

Frank J. Morgan
President and Chief Executive Officer
The Quaker Oats Company of Canada Limited, Peterborough

Charles Perrault
President, Conseil du Patronat du Quebec, Montreal

***Howard I. Ross**
Former Dean, Faculty of Management
McGill University, Montreal

James G. Wharry
Former President
The Quaker Oats Company of Canada Limited, Peterborough

Officers:

Chairman of the Board, **Robert D. Stuart, Jr.**
President and Chief Executive Officer, **Frank J. Morgan**
Vice President, **Jon K. Grant**
Treasurer, Controller, Secretary, **Kenneth L. Smith**
Assistant Secretary, **William F. Debelak**
Assistant Secretary, **Howard J. Thomas, Jr.**
Assistant Secretary and Assistant Treasurer, **Raymond M. Emmons**

*Deceased September 18, 1974

President's Report

Fiscal 1974 was a time of unusual business conditions, the most significant of which was the highly inflationary economy in which we operated. It was a year of spiraling commodity and ingredient costs, business interruptions, material shortages, and rising interest rates, in addition to considerably greater government involvement throughout the food industry. Inflation impacted on each sector of the industry, and was a prime factor in the sharpest rise in consumer food prices in many years. Despite necessary price increases, there was a significant erosion of margins at the food manufacturing level.

Net Sales were at a record level of $61,048,000, an increase of 27 percent over fiscal 1973. However, due to the unusual business conditions already cited, Net Income of $1,680,000 was off slightly from last year.

Our brand-leading pet food business – consisting principally of Ken-L Ration dog food and Puss 'n Boots cat food – continued to do well, despite production capacity restraints on key products and some distribution disruptions in the western part of the country. Out-of-stock conditions at the retail level impacted significantly on pet food results for the year.

Our well-established brands of human foods – principally Quaker Oats, Aunt Jemima and Muffets – continue to be very popular with Canadian consumers. In addition, Quaker Harvest Crunch became firmly established in the market place as the number one entry in the natural cereal category. We believe this product is one of the most exciting and successful cereals to be introduced in years.

Capital expenditures totalled $2.6 million, up from $2.2 million the previous year. Fiscal 1974 expenditures included the completion of a major manufacturing and distribution centre at the Trenton, Ontario, pet food plant and the continuation of a reconstruction and modernization program at the Peterborough plant. These projects, along with other capital investments in our Grocery Products business, reflect the confidence of The Board in the future growth of the company.

Two new directors were elected July 23, 1974 to The Board of Directors – Lt. Col. Charles Baker of Toronto and Mr. Charles Perrault of Montreal. Their diverse and distinguished careers will contribute significantly to our company in the years ahead. H. Edward Miskiman, formerly Vice Chairman, resigned from The Board in April, 1974 to participate in the Government Executive Interchange Program as Chief Executive Officer of the Toronto Harbourfront Project. We were saddened by the death on September 18, 1974 of Howard I. Ross, whose valuable service and counsel will be greatly missed.

Our Management Group was strengthened considerably with the appointment of Jon K. Grant, as Vice President – Marketing in January, 1974.

Notwithstanding the forecast for continued economic uncertainties, we believe our basic businesses will remain strong during fiscal 1975. Our Quaker people, as they always have, will accept the challenges of the times and continue to provide nutritional foods of good value to our customers, while maintaining the highest standards of product quality.

On behalf of The Board, I would like to express appreciation to all employees who contributed to the considerable achievements of the past year.



Frank J. Morgan
President and Chief Executive Officer

Consolidated Statements of Income and Reinvested Earnings for the years ended June 30, 1974 and 1973

	Thousands of Dollars	
	1974	1973
Net sales	**$61,048**	$47,866
Costs and Expenses:		
Cost of sales	**47,852**	35,838
Marketing, general and administrative	**10,176**	9,125
	58,028	44,963
Income before income taxes and extraordinary credit	**3,020**	2,903
Provision for income taxes	**1,340**	1,230
Income before extraordinary credit	**1,680**	1,673
Extraordinary credit	**–**	134
Net income for the year	**1,680**	1,807
Reinvested earnings at beginning of year	**12,194**	10,463
	13,874	12,270
Dividends paid	**–**	76
Reinvested earnings at end of year	**$13,874**	$12,194

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Source and Use of Working Capital for the years ended June 30, 1974 and 1973

	Thousands of Dollars	
	1974	1973
Sources of Working Capital:		
Operations –		
Income before extraordinary credit	**$1,680**	$1,673
Depreciation	**888**	804
Amortization	**58**	–
Deferred income taxes	**145**	563
Total from operations	**2,771**	3,040
Extraordinary credit	**–**	134
Disposal of property, plant and equipment, net	**82**	581
Total provided	**2,853**	3,755
Uses of Working Capital:		
Dividends paid	**–**	76
Additions to property, plant and equipment	**2,623**	2,242
Total used	**2,623**	2,318
Increase in Working Capital	**230**	1,437
Working Capital at Beginning of Year	**4,581**	3,144
Working Capital at End of Year	**$4,811**	$4,581

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets – June 30, 1974 and 1973

	Thousands of Dollars	
	1974	1973
Assets		
Current Assets:		
Cash and deposit receipts	**$ 314**	$ 312
Accounts receivable –		
Trade	**4,400**	2,740
Affiliated companies	**164**	352
	4,564	3,092
Inventories	**9,490**	5,195
Prepaid expenses	**231**	278
Current assets	**14,599**	8,877
Property, Plant and Equipment, at cost:		
Land	**106**	105
Buildings	**6,118**	4,810
Machinery and equipment	**12,648**	11,775
	18,872	16,690
Less – Accumulated depreciation	**7,142**	6,613
	11,730	10,077
Trademarks and Formulae, at cost less amortization	**1,096**	1,154
	$27,425	$20,108

The accompanying notes are an integral part of these consolidated balance sheets.

	Thousands of Dollars	
	1974	1973
Liabilities and Shareholders' Equity		
Current Liabilities:		
Bank indebtedness	**$ 3,284**	$ –
Accounts payable and accrued expenses	**5,213**	3,667
Due to affiliated companies	**599**	547
Income taxes payable	**692**	82
Current liabilities	**9,788**	4,296
Deferred Income Taxes	**1,426**	1,281
Shareholders' Equity:		
Capital stock –		
Authorized – 25,000 common shares no par value		
Issued and outstanding – 25,000 shares	**2,337**	2,337
Reinvested earnings	**13,874**	12,194
Shareholders' equity	**16,211**	14,531
	$27,425	$20,108

Notes to Consolidated Financial Statements

June 30, 1974 and 1973

Summary of Accounting Policies

Principles of Consolidation The consolidated financial statements include the assets and liabilities and income and expenses of The Quaker Oats Company of Canada Limited ("Company") and all its subsidiaries.

Inventories Inventories are based upon physical quantities, priced at the lower of average cost or market.

Depreciation and Properties Depreciation is provided in the accounts using the straight-line method over estimated useful lives of the properties.

Normal gains or losses on sales or abandonments are reflected in accumulated depreciation. Abnormal gains or losses are reflected in income.

Amortization of Trademarks and Formulae Trademarks and formulae are being amortized on a straight-line basis over twenty years to 1993.

Deferred Income Taxes For income tax purposes, depreciation is claimed at rates in excess of those used for book purposes. Conversely, certain expenses are not claimable for income tax purposes until future years. These factors result in a net deferred tax liability.

Royalties

A reassessment is pending for the fiscal years 1970, 1971 and 1972, which would result in a disallowance of a portion of the intercompany royalties. The estimated refund from the parent company for disallowed royalties, net of applicable taxes, would approximate $95,000 and would be reflected as a prior period adjustment when resolved.

Retirement Benefits

Pension Plans The companies maintain pension plans for substantially all of their employees. The policy is to expense and fund annually current service costs and amortize and fund past service costs over the period to 1989 or earlier. The unfunded past service liabilities of which $69,000 has been accrued as of June 30, 1974, approximated $625,000 in the aggregate, including $475,000 determined by an initial actuarial evaluation of a supplementary pension plan.

Employees' Retirement Life Insurance The companies provide all retiring employees with fully-paid life insurance benefits. As of June 30, 1974, $234,000 has been accrued but not funded to reflect these benefits.

Extraordinary Credit

Reduction of income taxes in the application of a subsidiary's prior years' tax losses resulted in an extraordinary credit of $134,000 in 1973.

Information on Directors and Officers

	June 30, 1974		June 30, 1973	
	Number	Remuneration	Number	Remuneration
Directors	9	$ 18,900	9	$ 15,000
Officers	8	$160,000	7	$132,000

As of June 30, 1974, two officers (three in 1973) were also directors.

Auditors' Report

To the Shareholders of
The Quaker Oats Company of Canada Limited:

We have examined the consolidated balance sheets of THE QUAKER OATS COMPANY OF CANADA LIMITED (a Canada corporation) AND SUBSIDIARIES as at June 30, 1974 and 1973, and the consolidated statements of income and reinvested earnings and source and use of working capital for the years then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

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Toronto, Ontario
August 2, 1974

Arthur Andersen & Co.

Principal Products

Cereals

Quaker Oats
Quaker Ready-to-Serve Oatmeal
Quaker Harvest Crunch
Cap 'n Crunch
Quaker Muffets
Quaker Puffed Wheat
Quaker Puffed Rice
Quaker Natural Bran
Peter Pan Puffed Wheat
Peter Pan Puffed Rice

Frozen Foods

Aunt Jemima Waffles
Aunt Jemima French Toast

Mixes and Syrup

Quaker Cookie Mixes
Quaker Muffin Mixes
Aunt Jemima Pancake Mixes
Aunt Jemima Syrup

Pet Food

Puss 'n Boots
Pamper
Ken-L Ration
Society
Rover
Healtho
Pep
Strongheart

Five-Year Progress Report

Thousands of Dollars

Year Ended June 30	1974	1973	1972	1971	1970
Sales and Earnings					
Net sales	**$61,048**	$47,866	$47,049	$45,680	$42,578
Depreciation	**888**	804	841	790	733
Income before income taxes	**3,020**	2,903	2,094	652	813
Income taxes	**1,340**	1,230	991	343	412
Income before extraordinary items	**1,680**	1,673	1,103	309	401
Extraordinary items – net	**–**	134	(113)	18	144
Net income	**1,680**	1,807	990	327	545
Capital expenditures	**$2,623**	$2,242	$884	$2,572	$1,458





Edmonton

Burnaby

Vancouver

Winnipeg

Chamcook

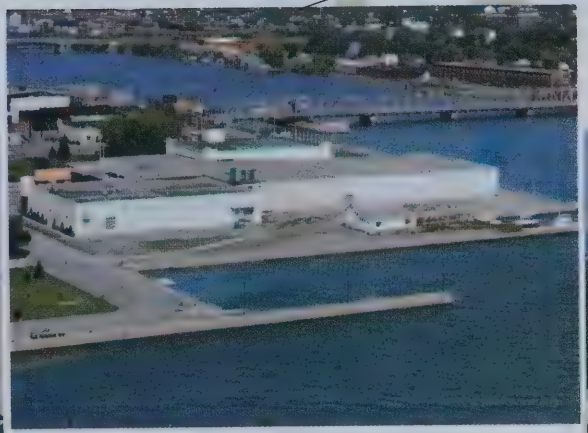
Montreal

Quaker Park
Peterborough

Trenton

Toronto







- Plant locations
 Emplacement des usines
- Sales Offices
 Bureaux des ventes
- Canadian Head Office
 Siège Social canadien

Rapport des derniers cinq ans

en milliers de dollars

Exercices terminés le 30 juin	**1974**	1973	1972	1971	1970
Ventes et bénéfices					
Ventes nettes	**$61,048**	$47,866	$47,049	$45,680	$42,578
Amortissement	**888**	804	841	790	733
Bénéfices avant impôts sur le revenu	**3,020**	2,903	2,094	652	813
Impôts sur le revenu	**1,340**	1,230	991	343	412
Bénéfices avant postes extraordinaires	**1,680**	1,673	1,103	309	401
Postes extraordinaires – net	**–**	134	(113)	18	144
Bénéfices nets	**1,680**	1,807	990	327	545
Déboursés d'immobilisations	**$2,623**	$2,242	$884	$2,572	$1,458

Rapport des vérificateurs

Aux actionnaires,
La Compagnie Quaker Oats du Canada Limitée,

Nous avons examiné les bilans consolidés de LA COMPAGNIE QUAKER OATS DU CANADA LIMITÉE (une compagnie à charte fédérale) ET DE SES FILIALES au 30 juin 1974 et 1973, ainsi que les états consolidés des bénéfices et des bénéfices réinvestis et de la provenance et de l'utilisation des fonds pour les exercices terminés à ces dates. Nos examens ont comporté une revue générale des procédés comptables ainsi que les sondages des registres comptables et autres preuves à l'appui que nous avons jugés nécessaires dans les circonstances.

À notre avis, ces états financiers consolidés présentent équitablement la situation financière de La Compagnie Quaker Oats du Canada Limitée et de ses filiales au 30 juin 1974 et 1973 ainsi que les résultats de leur exploitation et la provenance et l'utilisation de leurs fonds pour les exercices terminés à ces dates, conformément aux principes comptables généralement reconnus, lesquels ont été appliqués uniformément au cours des exercices.

Toronto, Ontario
Le 2 août 1974.

Arthur Andersen & Co.

Principaux produits

Céréales

Gruau Quaker
Gruau Quaker prêt à servir
Croque Nature de Quaker
Capitaine Crouche
Muffets Quaker
Blé soufflé Quaker
Riz soufflé Quaker
Son naturel Quaker
Blé soufflé Peter Pan
Riz soufflé Peter Pan

Aliments congelés

Gaufres Aunt Jemima
Pain doré Aunt Jemima

Mélanges et sirop

Mélanges à biscuits Quaker
Mélanges à muffins Quaker
Mélanges à crêpes Aunt Jemima
Sirop Aunt Jemima

Nourritures pour animaux

Puss'n Boots
Pamper
Ken-L Ration
Société
Rover
Healtho
Pep
Strongheart

Avantages sociaux à la retraite

Fonds de pension Les Compagnies maintiennent des fonds de pension pour presque la totalité de leurs employés. La politique consiste à considérer comme dépense et de capitaliser annuellement les coûts des services courants et d'amortir et de capitaliser les coûts des services passés sur la période allant jusqu'à 1989 ou plus tôt. Les dettes non capitalisées relatives aux services passés, dont $69,000 a été comptabilisée en date du 30 juin 1974, sont approximativement $625,000, incluant un montant de $475,000 déterminé par une étude actuarielle initiale d'un fonds de pension supplémentaire.

Provision d'assurance-vie pour employés retraités La Compagnie pourvoit des bénéfices entièrement payés d'assurance-vie pour tous les employés retraités. En date du 30 juin 1974, la Compagnie a un passif couru de $234,000 non capitalisé pour ces bénéfices.

Poste extraordinaire

La réduction des impôts sur le revenu résultant de l'application contre les revenus des pertes fiscales d'années antérieures d'une filiale a donné un poste extraordinaire créditeur de $134,000 en 1973.

Rémunération des administrateurs et des directeurs

	30 juin 1974		30 juin 1973	
	Nombre	Honoraires	Nombre	Honoraires
Administrateurs	9	$ 18,900	9	$ 15,000
Directeurs	8	$160,000	7	$132,000

Au 30 juin 1974, deux directeurs (trois en 1973) étaient également administrateurs.

Notes aux états financiers consolidés

30 juin 1974 et 1973

Résumé des procédés comptables

Principes de consolidation Les états financiers consolidés incluent l'actif et le passif ainsi que les revenus et dépenses de La Compagnie Quaker Oats du Canada Limitée (''Compagnie'') et de l'ensemble de ses filiales.

Stocks Les stocks représentent les quantités physiques et sont évalués au plus bas du coût moyen ou de la valeur nette de réalisation.

Amortissement et immobilisations L'amortissement a été calculé selon la méthode de la ligne droite d'après la vie utile des actifs immobilisés.

Les gains ou pertes ordinaires résultant de la vente ou de l'abandon d'actifs immobilisés sont inclus dans l'amortissement accumulé. Les gains ou pertes de nature extraordinaire sont inclus dans les bénéfices.

Amortissement des marques de commerce et des brevets d'inventions Les coûts encourus pour l'acquisition des marques de commerce et des brevets d'inventions sont amortis selon la méthode de la ligne droite sur une durée de vingt ans jusqu'à 1993.

Impôts sur le revenu reportés Pour fins d'impôts sur le revenu, l'allocation du coût en capital réclamé par la Compagnie excède l'amortissement comptable. Inversement, certaines dépenses ne sont déductibles pour fins d'impôts que dans les années futures. Ces facteurs donnent un solde créditeur net d'impôts reportés.

Royautés

La Compagnie a reçu une cotisation supplémentaire pour les années fiscales 1970, 1971 et 1972 qui aurait pour effet de désavouer une portion des royautés inter-compagnies. Le remboursement estimé provenant de la compagnie mère pour les royautés désavouées, net des impôts s'y rapportant, se chiffre aux environs de $95,000 et serait présenté comme un ajustement aux années antérieures une fois la situation réglée.

	En milliers de dollars	
	1974	1973
Passif		
Exigibilités:		
Emprunts de banque	**$ 3,284**	$ –
Comptes à payer et frais courus	**5,213**	3,667
Dû aux compagnies affiliées	**599**	547
Impôts sur le revenu à payer	**692**	82
Exigibilités	**9,788**	4,296
Impôts sur le revenu reportés	**1,426**	1,281
Avoir des actionnaires:		
Capital-actions –		
Autorisé –		
25,000 actions ordinaires sans valeur au pair		
Emis et payé –		
25,000 actions	**2,337**	2,337
Bénéfices réinvestis	**13,874**	12,194
Avoir des actionnaires	**16,211**	14,531
	$27,425	$20,108

Bilans consolidés au 30 juin 1974 et 1973

	En milliers de dollars	
	1974	1973
Actif		
Disponibilités:		
Encaisse et dépôts	**$ 314**	$ 312
Comptes à recevoir –		
Résultant de l'exploitation	**4,400**	2,740
De compagnies affiliées	**164**	352
	4,564	3,092
Stocks	**9,490**	5,195
Dépenses payées d'avance	**231**	278
Disponibilités	**14,599**	8,877
Immobilisations, au coût:		
Terrain	**106**	105
Bâtiments	**6,118**	4,810
Machinerie et équipement	**12,648**	11,775
	18,872	16,690
Moins – Amortissement accumulé	**7,142**	6,613
	11,730	10,077
Marques de commerce et brevets d'inventions, au coût moins amortissement	**1,096**	1,154
	$27,425	$20,108

Les notes ci-jointes font partie intégrante de ces états financiers consolidés.

États consolidés de la provenance et de l'utilisation des fonds pour les exercices terminés le 30 juin 1974 et 1973

	En milliers de dollars	
	1974	1973
Provenance de fonds:		
Opérations –		
Bénéfices avant poste extraordinaire	**$1,680**	$1,673
Amortissement (immobilisations)	**888**	804
Amortissement (marques de commerce et brevets)	**58**	–
Impôts sur le revenu reportés	**145**	563
Provenant des opérations	**2,771**	3,040
Poste extraordinaire	**–**	134
Disposition d'immobilisations – net	**82**	581
Provenance totale de fonds	**2,853**	3,755
Utilisation des fonds:		
Dividendes versés	**–**	76
Acquisitions d'immobilisations	**2,623**	2,242
Utilisation totale de fonds	**2,623**	2,318
Augmentation du fonds de roulement	**230**	1,437
Fonds de roulement au début de l'exercice	**4,581**	3,144
Fonds de roulement à la fin de l'exercice	**$4,811**	$4,581

Les notes ci-jointes font partie intégrante de ces états financiers consolidés.

États consolidés des bénéfices et des bénéfices réinvestis pour les exercices terminés le 30 juin 1974 et 1973

	En milliers de dollars	
	1974	1973
Ventes nettes	**$61,048**	$47,866
Coûts et dépenses:		
Coût des ventes	**47,852**	35,838
Frais de marketing, dépenses générales et d'administration	**10,176**	9,125
	58,028	44,963
Bénéfices avant provision pour impôts sur le revenu et poste extraordinaire	**3,020**	2,903
Provision pour impôts sur le revenu	**1,340**	1,230
Bénéfices avant poste extraordinaire	**1,680**	1,673
Poste extraordinaire	**–**	134
Bénéfices nets pour l'exercice	**1,680**	1,807
Bénéfices réinvestis au début de l'exercice	**12,194**	10,463
	13,874	12,270
Dividendes versés	**–**	76
Bénéfices réinvestis à la fin de l'exercice	**$13,874**	$12,194

Les notes ci-jointes font partie intégrante de ces états financiers consolidés.

l'usine de Peterborough. Ces projets, ainsi que d'autres investissements de capitaux dans notre secteur de produits d'épicerie, reflètent la confiance du Conseil d'Administration en la croissance future de la compagnie.

Deux nouveaux administrateurs ont été nommés au Conseil d'Administration, le Lt. Col. Charles Baker de Toronto et M. Charles Perrault de Montréal. Leurs carrières distinguées et variées offriront une contribution importante à notre compagnie pour les années à venir. H. Edward Miskiman, ancien Vice-président du Conseil, a démissionné en avril 1974, afin de participer au "Government Executive Interchange Program" en tant que directeur exécutif du "Toronto Harbour Front Project". Nous avons été peinés par le décès de Howard I. Ross, le 18 septembre, 1974; son aide et ses précieux conseils nous manqueront beaucoup.

En janvier 1974, notre bureau de direction s'est renforcé considérablement avec la nomination de Jon K. Grant au poste de Vice-président, Marketing.

Malgré les prévisions d'une économie encore incertaine, nous croyons que nos affaires de base demeureront assez fortes en l'année financière 1975. Comme ils l'ont toujours fait, nos employés accepteront les défis du temps actuel et continueront à fournir des aliments à un prix raisonnable, tout en maintenant les plus haut degrés de qualité.

Au nom du Conseil d'Administration, j'aimerais formuler notre reconnaissance à tous les employés qui ont contribué au succès considérable de l'année passée.



Frank J. Morgan
Président et Directeur exécutif

Rapport du président

L'année financière 1974 a été une période sortant de l'ordinaire pour les affaires, surtout à cause de la haute inflation économique pendant laquelle nous avons dû opérer. Ce fut une année où le prix des denrées et des ingrédients a monté en flèche, une année marquée par certaines interruptions des affaires, une pénurie de matériel, une hausse des taux d'intérêt, et de plus, une intervention plus importante de la part du gouvernement dans l'industrie alimentaire. L'inflation a affecté chaque segment de notre industrie et a été un facteur important de la hausse la plus considérable des prix de la nourriture depuis plusieurs années. En dépit de ces augmentations de prix nécessaires, il y a eu une érosion marquée de la marge des profits au niveau de la fabrication des denrées alimentaires.

Les ventes nettes ont atteint un record de $61,048,000, ce qui représente une augmentation de 27 pourcent par rapport à l'année financière 1973. Cependant, à cause des conditions extraordinaires des affaires déjà mentionnées, le revenu net de $1,680,000 est légèrement plus bas que l'an dernier.

Nos marques de commerce principales de nourritures pour animaux domestiques, plus précisement la nourriture pour chiens Ken-L Ration et la nourriture pour chats Puss'n Boots, ont continué à progresser en dépit de la production restreinte des produits de base et quelques problèmes de distribution survenus dans l'ouest du pays. Certains manques de stocks au niveau du détail ont eu une répercussion importante sur les résultats financiers de cette ligne de produits.

Nos marques de commerce bien établies de nourriture pour humains – plus précisement Quaker Oats, Aunt Jemima et Muffets – continuent à être très populaires auprès des consommateurs canadiens. De plus, le Croque Nature de Quaker s'est taillé une place importante sur le marché en se plaçant à la tête du segment des céréales naturelles. Nous croyons que c'est l'une des céréales qui, dès son lancement, a rencontré le plus de succès depuis plusieurs années.

Les déboursés d'immobilisation se sont chiffrés à $2.6 millions, c'est-à-dire $400 milles de plus que l'an dernier. Les dépenses de l'exercice 1974 comprennent le parachèvement d'un centre important de fabrication et de distribution à l'usine de Trenton et la continuation d'un programme de reconstruction et de rénovation à

QUAKER

La Compagnie Quaker Oats du Canada Limitée
et ses filiales

Adminstrateurs:

Robert D. Stuart, Jr.
Président, The Quaker Oats Company, Chicago
Président du conseil, La Compagnie Quaker Oats du Canada Limitée

Lt. Col. Charles Baker
Président, Airport Advertising (VIP) Ltd., Toronto

Robert F. Chisholm
Président, Wm. Mara Company Ltd., Toronto

Robert M. Fowler
Président, C.D. Howe Research Institute, Montréal

Augustin S. Hart, Jr.
Vice-président de groupe – International
The Quaker Oats Company, Chicago

Kenneth Mason
Vice-président de groupe – Produits d'épicerie
The Quaker Oats Company, Chicago

Frank J. Morgan
Président et Directeur exécutif
La Compagnie Quaker Oats du Canada Limitée, Peterborough

Charles Perrault
Président, Conseil du Patronat du Québec, Montréal

***Howard I. Ross**
Ancien doyen, Faculté de gestion
Université McGill, Montréal

James G. Wharry
Ancien président
La Compagnie Quaker Oats du Canada Limitée, Peterborough

Direction:

Président du conseil, **Robert D. Stuart, Jr.**
Président et Directeur exécutif, **Frank J. Morgan**
Vice-président, **Jon K. Grant**
Trésorier, Contrôleur, Secrétaire, **Kenneth L. Smith**
Assistant-secrétaire, **William F. Debelak**
Assistant-secrétaire, **Howard J. Thomas, Jr.**
Assistant-secrétaire et Assistant-trésorier, **Raymond M. Emmons**

*Décédé le 18 septembre 1974

Quelques unes des marques réputées Quaker qui assurent la qualité aux consommateurs canadiens et à leurs animaux favoris.



La Compagnie Quaker Oats du Canada Limitée
Rapport Annuel 1974



QUAKER